UBC Centre for Human Settlements

HOUSING AND COMMUNITY PLANNING

Low Rent Housing in Vancouver's Central Area: Policy and Program Options

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September 1989

A Report Prepared by the

Centre for Human Settlements
UNIVERSITY OF BRITISH COLUMBIA

for the

Central Area Division
CITY OF VANCOUVER PLANNING DEPARTMENT

THE UNIVERSITY OF BRITISH COLUMBIA

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Executive Summary

Terms of Reference

1. The purpose of this study is to provide a response to the following question: What actions can be taken to maintain low cost housing and to address displacement in the Downtown Eastside, Downtown South, Strathcona, and Downtown North? The focus is on the low rent residential hotel and rooming house stock.

2. The policies and programs identified in this report may or may not be politically, legally or financially feasible in Vancouver *at the present time*. They are, however, feasible *in principle*. They become feasible if there is sufficient will to overcome any political, legal or financial constraints.

The Problem

3. According to the 1986 Census, 86% of the population (16,488) residing in the study area live in single person households. Households living in the Downtown North and South ($7,000) and Strathcona ($8,000) have the lowest median household incomes in the city. 71% of the population of the Downtown North and South and 63% of Strathcona live in low income households.

4. Expenditure of 30% of household income on housing means that half the study area's households have less that $190 per month for rent (1986). The average monthly rent for the residential hotel stock is about $250.

5. Residential hotels and rooming houses comprise about 75% of all accommodation in the study area are. Although data on past trends is imperfect, Social Planning Department data points to a possible loss of about 25% of the residential hotel and rooming house stock (approximately 3,000 units) over the past ten years.

6. It is not economically viable for the private sector to supply new low rent housing stock in the central area. Further loss of existing low rent units to demolition, condominium conversion or gentrification will not be replaced by the private sector.

7. The displacement of people who have no place else to go is a very real threat. The residential hotel and rooming house stock in the study area is the bottom end of Vancouver's rental sector. Aside from some illegal suites, nothing else in the same price range is available. Increased homelessness is the only outcome if this stock continues to be lost.

Solutions

8. Though the list of "harsh realities" identified in this study may seem overwhelming, Vancouver fortunately still has a relatively large number of residential hotel and rooming house units (about 9,000 units). Two of the sub-areas have well organized neighbourhood associations, the Downtown Eastside and Strathcona. In addition, since these trends and problems in the central area low rent sector are not unique to Vancouver, it has the experience of other cities to draw upon.

9. This study recommends a combination of initiatives which involve public, private and community based organizations in addressing the housing stock issues through regulation, rehabilitation, and the supply of new stock.

10. It is recommended that the City provide leadership and play an active role. A clear policy framework for its initiatives must be defined. Three basic policies are proposed:

    (a) maintain and improve the existing central area low rent stock;
    (b) create innovative shelter-related programs for low income single person households, targeted at special needs; and
    (c) beneficiaries of economic growth and rising property values should help pay a fairer share of the social costs incurred by this growth.

11. It is recommended that the City adopt, in principle, a package of programs which will form the basis of a comprehensive central area low rent housing action plan. The program recommendations are organized into five categories:

    (a) protecting the tenants;
    (b) protecting the stock;
    (c) rehabilitating and/or adding new stock;
    (d) financing initiatives; and
    (e) organizational initiatives.

    A list of the program options for each of these categories is sumarized on the following page.

Implementation

12. Implementation of these programs requires a new attitude and a new approach to the development approval process in Vancouver's central area and the role of the City in protecting the remaining central area low rent stock. In many cases, provincial participation and/or enabling authority is required.

13. This report identifies three initial phases for the implementation process. In the first phase the City should immediately undertake seven specific initiatives which are outlined in Chapter 4.

Outline of Policy Recommendations and Program Options

Three Policy Recommendations	Policy Recommendation 1	Policy Recommendation 2	Policy Recommendation 3
	Maintain and Improve the Existing Central Area Low Rent Stock	Create Innovative Shelter-Related Programs for Low Income Single Person Households	Beneficiaries of Economic Growth Should Help Pay Fairer Share of Social Costs Associated with this Growth

Program Options: Five Categories				
1. Protecting the Tenants	**2. Protecting the Stock**	**3. Rehab & New Stock**	**4. Financing Initiatives**	**5. Organizational**
Improved Security of Tenure Regulations	Demolition, Conversion & Replacement Regulations	Rental RRAP (Fed., Prov., & Municipal)	Public/Private Partnerships	The New Vancouver Housing and Properties Department
Tenant Relocation Assistance Program	Zoning & Transfer of Development Rights	Social Housing Unit Annual Target	Downtown Development/ Housing Linkage	Central Area Low Rent Housing Corporation
	Strategic Placement & Special Treatment of Some Stock	Municipal Rehab & Supply Program	Growth Related Low Rent Housing Fund	
	Property Tax Treatment of Residential Hotels	Inclusionary Housing Program	Municipal Housing Capital Plan Plebiscite	
			Development Charges & Commercial Levy	

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1. Introduction

Vancouver is experiencing a period of rapidly rising real estate prices, the development of many new office and condominium towers, and the start of several large scale downtown mixed commercial/residential developments. All of this is occurring in the context of a severe region-wide rental housing shortage. These conditions have prompted particular concern over the status of the housing stock for thousands of low income people who live in residential hotels and rooming houses in and immediately to the east and south of Vancouver's central business district.

The City of Vancouver Planning Department has responded to this situation by asking the UBC Centre for Human Settlements to review the range of possible responses and to recommend policy and program options for maintaining and replacing central area low rent housing. In addition a study of market trends in the area has been prepared for the Planning Department (see: *Economic Impact Study, Rooming House Accommodation, Downtown Vancouver, South Side and East Side*).

The purpose of this study is to provide a response to the following question: What actions can be taken to maintain low cost housing and to address displacement in the Downtown Eastside, Downtown South, Strathcona, and Downtown North? The "study area" includes these four areas, as defined by census tracts (see map on page 2).

The findings are presented in two reports. This report recommends policy and program options for the study area's residential hotel and rooming stock. A comprehensive set of program options is identified as a framework for taking action to help maintain this stock.

In addition, the UBC Centre for Human Settlements is preparing a second report entitled:

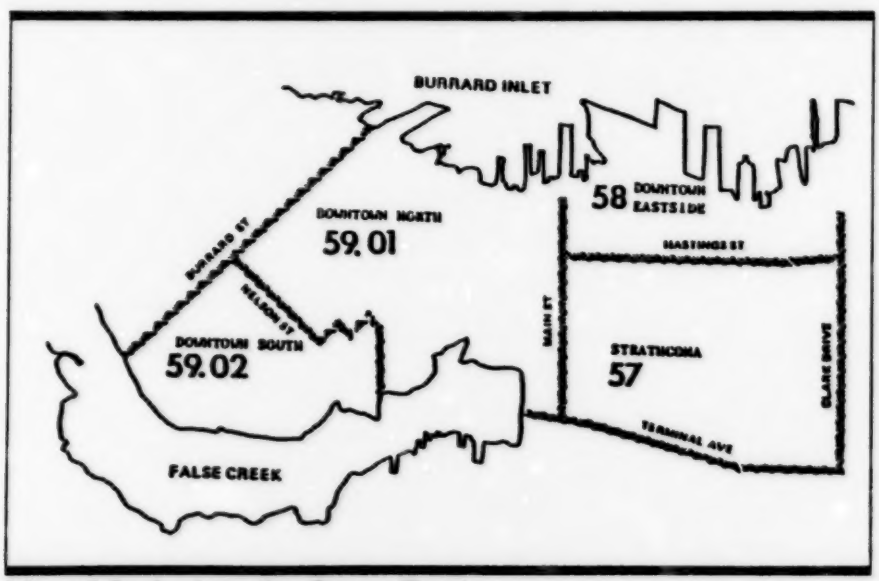
> ***Maintaining Low Rent Central Area Housing Stock:***
> ***A Survey of Innovative North American Municipal Initiatives.***

This report, referred to hereafter as the *Survey* report, provides a review of the range of programs used by other municipalities to protect and increase the stock of low rent central area housing. This review provides a solid foundation on which to build Vancouver's response to its specific challenges.

The recommendations in this report are drawn from the range of options identified in the *Survey* report. Reference to programs being implemented elsewhere does not mean that they can be transferred to Vancouver. The specific conditions in this part of Vancouver's central area, as well as the broader housing and planning context, must be taken into account.

The range of options considered and the set of programs recommended are not limited to what may be feasible under existing political, legal and financial conditions in Vancouver. If it did, it would be a very short report. The City of Vancouver is already recognized for its housing-related innovations and initiatives, such as the establishment of the Social Housing Fund, employment of the Property Endowment Fund for housing site acquisition, the municipal development of the False Creek and Champlain Heights neighbourhoods, and the creative, extensive use of provincial and federal housing programs.

The policies and programs identified in this report may or may not be politically, legally or financially feasible in Vancouver *at the present time*. They are, however, feasible *in principle*. They become feasible in Vancouver if there is sufficient will to overcome any political, legal or financial constraints.



Map of Study Area (by Census Tract)

2.Demographic Trends & the Housing Stock: Facing Realities

2.1 Who Lives in the Study Area?

The demographic context of the study area's low rent housing problem is the rapid rise in the single person household over recent decades and the concentration of these households in cities. In the 1950s only 8% of Canadian households lived in single person households. By 1981 the percentage increased to 20%, meaning that one out of every five households in Canada has only one person.

In Vancouver, 40% of all households are single person households. This is an increase from 27% in 1971. Out of the City's 186,000 households in 1986, 73,000 were single person households. In the study area, 86% of the population lives in single person households. In Strathcona, this figure is 63%. Not only does the City of Vancouver have a huge percentage of single person households compared to the national average, the area in and around downtown has the highest concentration.

In 1987, the Downtown Eastside Residents' Association (DERA) conducted a survey of residents and their opinions concerning the housing stock. The survey describes the average resident in the Downtown Eastside neighbourhood as:

> *a Caucasian male who lives alone. He was born in Canada, but not in British Columbia. He is 51 years old and a welfare/GAIN recipient, with a monthly income of less than $439.00. His average annual income is $5,268. His income comprises 47.5% of the poverty line. He has not worked in seven years. When he worked, he was employed in construction, mining, logging or service industries. His home is a sleeping or housekeeping room in a hotel.*

According to the 1986 Census, there are 16,488 people living in the four study area census tracts (see map on page 2). Strathcona, with a population of 8,063, is by far the most populated. Downtown South, with 1,691 residents living primarily in the lodging houses along Granville and Howe Streets, has the smallest population of the four. Of the four census tracts, only the population in the Downtown Eastside has increased between 1981 and 1986 (by 10%). Compared to other parts of the city, this area has a disproportionately larger number of elderly people and fewer children. Over the past ten years more women and children have been moving into the area.

2.2 The Housing Stock

Residential hotels and rooming houses are grouped under the general category of lodging houses in the City's Standards of Maintenance Bylaw (No. 5462) that classifies a lodging house as a multi-use building containing three or more separate rooms in any combination of sleeping or housekeeping units which are occupied as rental accommodation. The main difference between residential hotels and rooming houses is that hotels are allowed to operate a licensed pub or lounge on the premises, while rooming houses are not.

The Social Planning Department carries out periodic surveys of the residential hotel stock. Though there are some differences in the methods used, these studies do provide a general indication of trends in the residential hotel stock. See Figure 1 for a summary of the trend identified by these studies.

The 1985 Social Planning Department survey estimated that there were about 12,500 rental units in the study area: 10,150 residential hotel and rooming house units and 2,350 apartment and row house units. According to the City of Vancouver's most recent estimate (1989) of the residential hotel and rooming house stock, there are about 9,000 units, a 10% loss (1,150 units) since 1985.

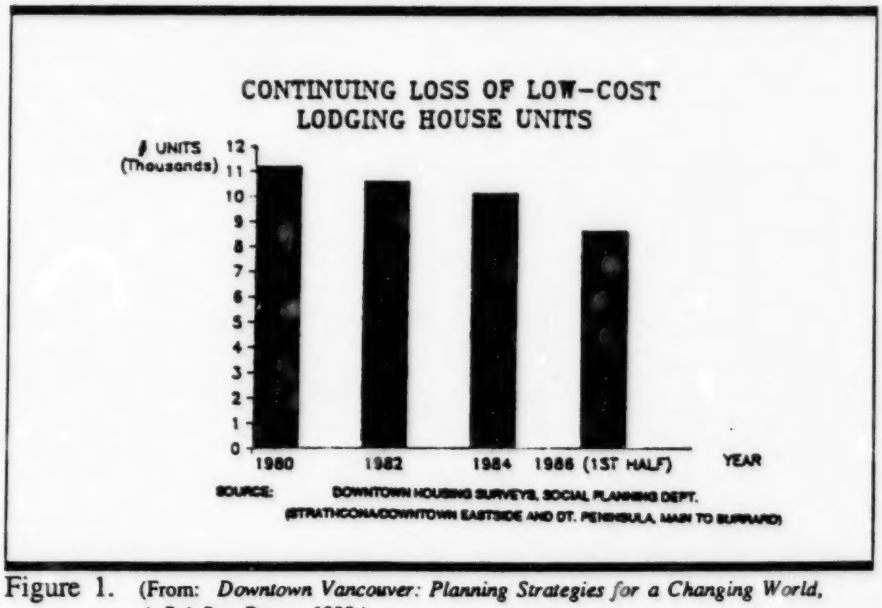


Figure 1. (From: *Downtown Vancouver: Planning Strategies for a Changing World, A Briefing Paper, 1988.*)

The 1987 DERA survey describes the housing situation of the average resident as:

> *a sleeping or housekeeping room with 52 units. He has a 50% probability of having cooking facilities [a hotplate] in his room. There is no shower, bath or toilet in his unit and there are no laundry facilities in the building. His rent is $226 per month (51% of his monthly income). He has lived in the unit for 3.9 years and has lived in the community for over 10 years.*

Approximately 75% of all residential units in the study area are sleeping or housekeeping rooms, while the remaining 25% are self-contained dwelling units. The majority of the self-contained dwelling units are located in Strathcona (65%) or Downtown South (25%). About 77% of the residents live in private market housing and 23% live in social housing. The vast majority of people living in private sector housing in the study area live in residential hotels and rooming houses, most of which are found in the Downtown Eastside and Downtown North.

2.3 Impact of Recent Trends

The rise in the number of people living alone and the concentration of the lowest income segment of this population in the central areas has created major housing impacts, which most cities have yet to fully realize, let alone address.

There has always been a great deal of poverty concentrated in central city areas. During the 1980s, however, poverty took on the added dimension of homelessness. Homelessness is a consequence of the continual loss of lower priced and low rent housing. This loss, in turn, is largely caused by the rise in land and house prices. Lower income and impoverished households find fewer and fewer housing options in major metropolitan areas as gentrification, condominium conversion, and demolition of rental stock take place in the traditional neighbourhoods of the poor. Unless the pace and the nature of this change in the urban housing stock is better regulated or the supply of new low rent housing is increased significantly, the only possible outcome is more people without shelter and more people forced to find shelter in the worst imaginable places.

Recent real estate market trends, together with trends in social assistance levels, social housing funding, unemployment and under-employment, lead to a number of harsh realities affecting the entire city, but most particularly the remaining low rent housing stock in the study area.

A. The Ability of Study Area Residents to Pay for Housing

With rising urban housing costs, it now takes two incomes to afford the average house or even pay the average rent. By definition, single person households don't have the option of having two adults work full-time to pay for housing. In addition, much of Vancouver's housing stock is older. It is designed for the larger households of the past. Bigger units cost more to own or rent. Few options appropriate for low income single person households exist in other parts of the city.

According to the 1986 census, the median income of households in Vancouver was $24,500, and in the metropolitan Vancouver area it amounted to $30,500. On a neighbourhood basis, there is wide fluctuation. West Point Grey ($39,500), Kerrisdale ($42,000), and Dunbar-Southlands ($47,000) have the City's highest median household income levels (except for Shaughnessy). Areas with larger percentages of tenants are at the lower end: Kitsilano ($25,500), West End ($19,000), and Grandview-Woodlands ($17,000). Households living in the Downtown North and South ($7,000) and Strathcona ($8,000) have the lowest household incomes in the city.

The 1986 census found that 25% of the city's population lived in low income households. On a neighbourhood basis, 71% of the population of the Downtown South and North and 63% of Strathcona lived in low income households.

Federal and Provincial housing policy guidelines assume that a household should not spend more than 30% of its income on housing. Therefore, households with $45,000 annually can afford $1,125 per month for rent or mortgage payments, whereas households with $7,500 can afford $190 per month. The average monthly rent for the study area residential hotel stock is currently about $250. The 1986 census and the 1987 DERA survey both find that over 50% of central area residents spend more than 30% of their income on shelter. In contrast, only 14% of home owners in the City of Vancouver spend more than 30%. Obviously, residents of the central area residential hotels and rooming houses cannot afford to pay more for housing.

B. The Stock Replacement Problem

Private Sector. It is not economically viable for the private sector to supply new low rent housing stock in the study area. The private sector will not replace any stock lost to demolition, condo conversion or gentrification in Vancouver's central area unless significant subsidies are provided.

Public Sector. Until the 1980s, there were few federal or provincial programs focused on the needs of central area low income single people unless they were over the age of 65. Social housing programs have generally targeted the elderly and families. In recent years, however, community based organizations, such as the First United Church Housing Society and the Downtown Eastside Residents' Association, and other non-profit developers such as Affordable Housing, have been able to build new housing and renovate existing residential stock in the central area.

Between 1980 and 1988, 1,846 non-market subsidized units were allocated to sites in the study area by federal and provincial social housing programs. Of these, 564 (30%) consisted of existing units which were rehabilitated. The remaining 1,282 units (70%) comprised new construction.

Social housing unit allocations have been fairly steady in recent years. Over the past four years, an average of 275 social housing units per year have been allocated to the study area (276 units in 1988; 215 units in 1987; 234 units in 1986; and 377 units in 1985).

Will the study area continue to receive 300 or more annual social housing unit allocations? Can the unit allocations for this area be increased, even if there is no federal/provincial increase in the total annual number of unit allocations amounting to about 1,900 for all of B.C., of which only about 1,000 are for the non-profit housing supply program? Can the City of Vancouver convince the federal and provincial governments to provide it with special unit allocations?

These are very serious questions, given the need for social housing in all parts of the lower mainland and the proposed requirement for 2,000 social housing units in downtown "mega-projects." The federal housing minister's most recent reply to the City's request for special allocations is not very encouraging. In an August 29 interview with the *Globe and Mail*, Alan Redway, the federal Minister of State for Housing, stated that the chance of finding more money for social housing in Vancouver "is pretty well zip." (*Globe and Mail*, August 30, 1989)

C. The Continued Loss of Stock

The few options which do exist for single person households are under constant threat of demolition, conversion to other uses, or gentrification. As the *Survey* report indicates, it is only in the late 1970s and the 1980s that larger North American cities began to realize the importance of maintaining the stock of low rent residential hotel and rooming house units. This stock was previously ignored or even considered dispensable.

Substantial numbers of low rent units have been lost in the study area over recent years. No precise figures exist. Reliable "ball park" estimates are based on Social Planning Department surveys carried out in 1983 and 1985 and on the most recent compilation of data on the current residential hotel stock. The 1983 survey found that about 2,000 units disappeared between November 1978 and December 1982. The 1985 survey identified 10,150 residential hotel units, whereas the City's more recent data indicates that there are about 9,000 units. This is a net loss of about 3,000 units over a ten year period. During some of this period the region was in a recession, generating relatively modest central area land price increases and redevelopment pressures until the recent real estate boom.

D. The Threat of Increasing the "Illegal" Residential Sector

If existing stock is lost and new supply is not provided, people tend to be resourceful and find ways around even the most sophisticated planning, zoning and building regulations. In Vancouver, the illegal second suite in single family areas is the response to pent up demand. Moreover, housing stock issues are interrelated. A response or lack of response to a situation in one area usually affects other parts of the housing stock in other parts of the city or metropolitan area. Failure to maintain the central area housing stock will have ramifications throughout the region.

In Vancouver, the mismatch of housing stock, household type and affordability is particularly acute. The creation of second suites naturally emerges from the combination of a huge stock of expensive single family housing units and the rise in the number of lower income single person households. The strong demand for affordable rental units has led to an "illegal" supply of such units in about one third of the city's single family stock.

There is a close link between the residential hotel and rooming house stock in the study area and the lower rent second suites scattered throughout the city's single family districts. These units represent the bottom end of the rental stock options for lower income one and two person households. People who cannot find or afford these units have few other options. Many will become or verge on becoming, homeless.

E. Sub-Area Trends and Pressures

Policy and program options for maintaining and protecting low rent housing in Vancouver's central area should recognize trends and pressures and develop strategies for particular sub-areas rather than for the whole study area.

2.4 Displacement: Increasing the Number of Homeless

In addition to these five "realities," the displacement of people who have no place else to go is a very real threat. The residential hotel stock is the bottom end of Vancouver's rental sector. Aside from some illegal suites, nothing else in the same price range is available. More single people and even some families are either without shelter (on the streets at night) or without homes (in temporary shelters or unsafe and unsanitary situations). Homeless people are the most obvious manifestation of the partial failure of public and private institutions designed to house all Canadians.

This report is not a study of homelessness or homeless people. It is a study of the housing stock at the bottom of the City's rental stock options. However, if this stock is lost without replacement, more homeless people will be found in Vancouver.

Past surveys of the study area's residential hotel and rooming house stock usually found 15% or more vacant units. Recent information indicates that there are far fewer vacancies in the study area. Toronto's recent development boom resulted in a sharp increase in the number of shelterless people on the streets. This was the 1970s pattern in other "booming" North American cities like San Francisco, Boston, and Seattle. Vancouver has no reason to believe that it is somehow different from other major metropolitan areas.

Displacement imposes both financial and human costs. The financial costs include the cost of moving and, often, the cost of higher rent. There is often a cost to social service agencies and government in providing relocation assistance. The human costs are the stress of moving, especially for the elderly, and the potential loss of social networks. If the displacement results in moving out of the study area, there may a reduced access to specialized community services.

A survey of the type and range of emergency shelters available for the homeless and special needs in 1986/87, found that twenty nine agencies throughout the region, a majority in the city of Vancouver, provided about 1,500 beds. These agencies provided temporary shelter for the homeless in general (5 agencies), males only (4), women only (4), battered women (11), and ex-psychiatric, mental disabilities and long term shelter (5). The occupancy rate of these shelters ranged between 75 and 100 percent. A more up-to-date survey should be carried out to determine recent trends, current vacancy rates and to identify what options exist for persons displaced from the study area. (See: *A Survey of Temporary Shelters for the Homeless and Special Needs in Vancouver*, Background Paper #6, A Conference on Homelessness in British Columbia, School of Community & Regional Planning, UBC, May 1987.)

2.5 The "Mega-Project" Social Housing Linkage Proposal

Yet another harsh reality facing the supply of low rent housing in Vancouver is the limited size of the federal/provincial social housing program. There is now very little hope of obtaining the additional social housing unit allocations for implementing the proposed arrangement with Concord Pacific. The City cannot, it appears, both deliver on its portion of the agreement *and* continue to provide social housing in Downtown South and Downtown Eastside at the same rate as it has in the past.

Outlined below are program options already implemented in other cities that do not rely on the federal government. Such large projects as Concord Pacific, and other central area projects under negotiation, provide an excellent opportunity to link development of office and luxury condominiums with a variety of affordable housing initiatives. Cities with preservation problems in central area low rent housing stock, such as Toronto, Boston, San Francisco and Seattle, have five to ten years experience with interesting programs for Vancouver to draw upon. Vancouver can negotiate a housing linked development agreement which does not depend on the federal government.

3. Strategies for Vancouver

Though this list of "harsh realities" may seem overwhelming, Vancouver fortunately still has a relatively large number of residential hotel and rooming house units. Two of the sub-areas have well organized neighbourhood associations, the Downtown Eastside and Strathcona. In addition, since the trends and problems in the low rent sector are not unique to Vancouver, it has the experience of other cities to draw upon. During the 1970s and 1980s a number of other major cities have had to respond to similar circumstances. Vancouver can benefit from their experience.

3.1 Policy Recommendations

The starting point for any initiative by the City of Vancouver should be a clear policy framework which identifies the desired municipal role as well as a clear direction for selection and development of programs.

A. Five Alternative Policy Frameworks

There are five basic approaches that the City can take in defining its policy relative to low rent housing in the study area.

(a) Choose not to play any role.

(b) Rely on the private sector to address the issue.

(c) Intervene through regulation only.

(d) Rely primarily on new government subsidized social housing projects.

(d) Intervene with a combination of initiatives which involve public, private and community based organizations in addressing needs through regulation, rehabilitation, and the supply of new stock.

This study recommends that the City adopt a direct, active role. Option (a) will result in the displacement of many people who have no alternatives

available to them. Option (b) ignores the historical reality that the private housing market has been unable to meet the needs of households with very low incomes. Option (c) may help keep some of the stock longer than it would without stiff regulations, but it will not result in new supply. Option (d) would be prohibitively expensive: too many units are involved. Only Option (e) allows a broad based community effort, initiated by City Hall, to seek out positive responses to a potentially very serious social problem.

B. Three Policy Recommendations

If the City is to play an active role, it must make certain policy decisions. These policies will then guide its decisions on programs. This report recommends that the following three policies be adopted as a starting point in the development of a comprehensive plan of action.

> *Policy #1:*
> **Maintain and Improve the Existing Central Area Low Rent Stock.**
>
> ***Establish a target for the minimum number of units to be maintained in the low rent housing stock in the central area. The initial target should be the current number of units, estimated to be about 9,000.***

This policy would increase the City's commitment to maintaining a low rent residential stock in the study area despite the strong market tendencies to redevelop or gentrify this stock. The alternative is to have a plan for the gradual relocation of about 9,000 very low income households which is not a very feasible or desirable option.

Parts of the study area, in particular the Downtown Eastside and Strathcona, are neighbourhoods. They have a distinct "sense of community" with important social networks that cannot be easily reproduced or replaced by government programs. Policy #1 would seek to keep these areas as neighbourhoods with at least the same number of low rent housing options as presently exist, minimizing or even preventing involuntary displacement from the area.

This policy *does not* preclude the demolition or conversion of existing residential hotels and rooming houses. Some of this stock may be undesirable to keep due to structural condition. Redevelopment and change should be encouraged not prohibited by this policy. Displacement should be avoided.

The setting of a target *does* mean that a detailed monitoring process must be established. Moreover, the City must commit itself to finding ways to replace lost units in order to maintain the existing number of units. The City, the community organizations, and the private sector will have to co-operate in maintaining an up-to-date database on the units.

Policy #2:
Create Innovative Shelter-Related Programs for Low Income Single Person Households, Targeted at Special Needs.

The existing social housing programs have a focus on family housing and housing for the elderly. In view of the growing number of urban single person households, there is a need for programs designed for special need groups within this segment of the low income population. In particular, options for the "hard to house" and for deinstitutionalized patients must be developed.

In addition to seeking more social housing allocations from the federal and provincial governments, a major municipal objective should be the identification of special needs and the development of special programs. There are many "hard to house" individuals in the study area. No other city in Canada has the number and type of residential hotel units Vancouver has. Innovative approaches must originate here in Vancouver.

With the continual growth in the number of single person households, the housing and social support issues for this group will become increasingly acute with each passing year. Very few market housing options existing Vancouver for this group. With the rise in land and housing values throughout the region and with the widespread demolition and condominium conversion of rental stock, there is virtually no opportunity for "down-filtering" in the housing stock. Filtering is the process by which older units in older parts of the community become cheaper as new units are produced. "Up-filtering," gentrification of the older stock in the older parts of urban areas, has been the trend since the early 1970s.

The issue is not simply a housing one, but overlaps with other policy and program areas, such as social welfare and health. Vancouver could help lead the way with innovative proposals for intergovernmental and interdepartmental co-operation, as well as public/private partnerships.

Policy #3:
The Beneficiaries of Economic Growth and Rising Property Values Should Help Pay a Fairer Share of the Social Costs Incurred by This Growth.

The social costs of central area development should not be borne solely by the general taxpayer. Rather, the beneficiaries of rising property values and the development opportunities provided by municipal planning and zoning decisions should bear a fairer share of the cost of the impacts on the community.

There are now many examples of how larger North American cities have begun collecting new sources of revenue, either as new projects are built or as ongoing fees associated with central area commercial development. These funds are used to help finance municipal low rent housing initiatives. Examples of options Vancouver should seriously consider are provided below, under "Financing Initiatives." This policy is in line with the City's current effort to seek Charter authority to levy development charges. See the *Survey* report for a detailed review of the programs other North American municipalities have implemented.

3.2 Programs

The policies proposed here provide a *general course of action* for the City to pursue. To implement this course of action, specific programs are required.

The issue is complex and dynamically interconnected with commercial and residential development trends throughout the city. Therefore, no one or two programs can achieve the policies proposed here. A variety of different programs, each with a focus on a particular element of the problem, is required.

The program options recommended by this report are organized into five categories:

A) Protecting the tenants;
B) Protecting the stock;
C) Rehabilitating and/or adding new stock;
D) Financing Initiatives; and
E) Organizational initiatives.

The first three categories are basic objectives, the last two are "ways and means."

The program options are briefly outlined here. The *Survey* report provides more detailed information about them as well as examples from other cities.

A. Protecting the Tenants

i) Improved Security of Tenure Regulations

There must be a better balance between the rights of owners and the rights of renters. A renter is a renter, whether he or she lives in a "regular" apartment building or in a residential hotel or rooming house. The recent provincial legislation (Residential Tenancy Amendment Act, 1989) is a step in the right direction.

Other jurisdictions have struggled with this problem and enacted legislation which the City of Vancouver and the Province of British Columbia should give careful consideration to. In addition to security of tenure protection, just cause eviction regulations and relocation assistance in cases of eviction should be considered. The Ontario Landlord and Tenant Act now prohibits arbitrary eviction of roomers, boarders and lodgers. A landlord can only evict under the authority of a District Court order, and proper grounds must be proven by the landlord. In addition, tenants can now apply to District Court for an order requiring a landlord to maintain the premises in a good state of repair. (See Chapter 3 of the *Survey* report for further discussion and examples.)

ii) Tenant Relocation Assistance Program

Dislocation of low income tenants imposes a number of costs on those least able to afford them. The City should create a program to assist tenants evicted as a result of building demolition or conversion.

Such a program should contain the following components: a relocation allowance, paid by the owner of the property, to cover moving costs; a municipal relocation service which would assist dislocated households in assessing their needs and finding accommodation which best meets those needs. This relocation service would also help monitor the existing housing stock to ensure that dislocation is identified when it occurs.

This type of activity would be an expansion of current City initiatives. For example, the new $1,000 per residential unit demolition fee is earmarked for emergency relocation assistance. This fund should be monitored to ensure it is adequate. The City also currently funds the Vancouver Housing Registry.

B. Protecting the Stock

i) Demolition, Conversion and Replacement Regulations

The City must have greater authority to regulate and under certain conditions prohibit the demolition and conversion of existing rental stock. Section 12.10 of the Zoning and Development By-law currently requires the developer to give tenants six months notice, secure a development permit and building permit, and pay $1,000 per existing residential unit before demolishing rental housing in specified areas. In addition, the City can impose a short term emergency moratorium on demolitions for specific purposes, but it does not have the power to impose a longer term ban.

The use of downzoning, one tool the City currently has for discouraging redevelopment, while potentially useful in some cases, is not adequate. The City does have the authority to refuse a condominium conversion of a rental property. There are likely many loopholes in the current range of regulatory options available to the City. Careful consideration should be given to the most effective set of regulations for protecting the stock in the study area. New authority from the province for implementing these regulations must then be sought. The best model to draw upon for shaping such legislation is Ontario's *Rental Housing Protection Act.* (See Chapter 3 of the *Survey* report for a summary of this and related legislation.)

In addition, a number of cities have various forms of one-for-one replacement regulations, which prohibit demolition or conversion unless the unit is replaced. Replacement can mean that the developer of a site, as a condition of redevelopment, replace at least some of the units. Alternatively, demolition or conversion would only be approved if at least an equal number of similar units were being built that year. San Francisco, for example, has a Residential Hotel Unit and Apartment Unit Conversion and Demolition Ordinance that includes provisions for "one-for-one replacement" of units. Other examples include Seattle's Housing Preservation Ordinance (1985), and San Diego's Residential Hotel Preservation Regulations (1987). (See Chapter 3 of the *Survey* report.)

ii) Zoning Regulations and Transfer of Development Rights

Zoning and related development control regulations are a major factor in the decision to redevelop a building. A careful review of the impact of downtown zoning in general, in order to create linkage opportunities, as well as a review of the zoning of the study area's low rent buildings should be carried out.

The Downtown-Eastside/Oppenheimer District plan reduced outright FSR in the area to 1.0. To achieve more than 1.0 FSR, developers must provide at least 20% social housing. However, it is difficult to provide a few social housing units in buildings which predominantly contain non-social housing. New forms of this type of approach need to be developed.

Many municipalities in the U.S. are making creative use of the Transfer of Development Rights (TDR). (See chapter 6 of the *Survey* report for a discussion of TDR.) Seattle has even established a TDR Bank that buys development rights from residential hotels and rooming houses in the central area for resale to a large developer in the downtown area when needed. A residential property which sells the rights must first use the money to upgrade the property to standards.

In Vancouver, TDR is currently used to protect heritage buildings, facilitate mixed use development, create public open space or park land, and achieve improved urban design. It could be extended to protect low rent residential properties in the study area.

iii) Strategic Placement of New Stock and Special Treatment of Some Properties

The City should develop a "reverse gentrification" strategy, ensuring that new low rent housing projects, special care facilities, various kinds of rehabilitation facilities, and the like, are only distributed throughout the study area based on a carefully developed set of criteria. One criteria should be the location of projects to help diminish any gentrification threats in specific sub-areas.

Gentrification is the displacement of low income residents by higher income households through conversion or replacement of existing stock. Improvement in the physical quality of the neighbourhood is to be encouraged in a way that minimizes gentrification and displacement.

There are heritage buildings in the study area. Many of the existing buildings, though not qualified for "official" heritage designation, do contribute to the

unique physical characters of the area's neighbourhoods. Special programs and incentives should be devised to maintain this character. Properties and groups of properties should be identified, and special arrangements should be made to encourage their maintenance in their present use. The point is not simply to preserve the facade or streetscape, which is important, but to continue using the properties as low rent residential hotels and rooming houses.

The Victory Square Area (Hastings and Pender, west of Chinatown) contains many heritage buildings and some rooming houses. This area, for example, could be rezoned as an historical area in order to help protect these buildings.

iv) Property Tax Treatment of the Residential Hotel Stock

Approximately 50% of residential hotel units are classified by the B.C. Assessment Authority as Class 1 residential use. This is in contrast to the other 50% that are in Class 6, a category which is basically a "catch-all" commercial category. Significant tax savings (a 69% lower tax rate in 1989) are achieved if the residential hotel units are categorized as Class 1 use.

To be in Class 1, hotels must have monthly tenancies exclusively. An arrangement can be made if a specific number of units are set aside for monthly rentals. The lower residential tax classification helps keep some of the residential hotels economically viable. There is no information about the extent to which assessment classification or reclassification will affect the viability of the hotels. A case potentially affecting the classification system used for the central area residential hotels is currently before the Appeal Board. *(For further information, contact: David Scott, B.C. Assessment Authority, 681-3450).*

One method of protecting the economic viability of the existing residential hotels, and a potential method of offering an incentive in exchange for certain actions, is to seek provincial co-operation in providing special property tax treatment for low rent residential stock. A special classification could be created. To qualify, owners would have to maintain the buildings at a specified standard and maintain rents within a certain range. The City should determine the magnitude of the problem relating to the property tax assessment system and seek appropriate provincial action.

C. Rehabilitating and/or Adding new Stock

i) Rental RRAP (Federal, Provincial and Municipal Programs)

Since the program was established in the mid-1970's, the federal Rental Residential Rehabilitation Assistance Program (Rental RRAP) has helped upgrade about 4,000 residential hotel and rooming houses units in the study area. RRAP funding and code enforcement has played an important role in the reduction of fire deaths. Improved plumbing, lighting, wiring and drywalling have contributed to a better quality of life for residents.

Funding for this Rental RRAP program, however, was eliminated in the 1989 federal budget. The program is to be discontinued at the end of 1989.

A rehabilitation program for the private rental stock is necessary. While efforts continue to have the federal program refunded, the province and the City must fund their own program. In exchange for partial funding of renovations, the owner guarantees the continued existence of the building in its current use at agreed upon rent levels.

A carefully designed rehabilitation program for private sector units is a "winner" for all parties: the owner, the renter, and the taxpayer. It is a much cheaper option than social housing supply or even rent supplements. It is a necessary part of any package of measures to maintain low rent stock. A number of jurisdictions have interesting programs. Several are outlined in Chapter 4 of the *Survey* report. A review of the use of Rental RRAP in the study area is also provided in Chapter 4.

In the course of recent City consideration of the rental RRAP program, the City Law Department indicated that the City requires Provincial Charter authority to provide a grant to private property owners.

ii) Social Housing Unit Allocation Annual Target

The City should seek to obtain a 3 to 5 year guarantee of an annual minimum number of social housing units from the existing federal/provincial program for the study area. Presently, unit allocations are made annually, based on a variety of criteria. A guarantee of a certain allocation for the study area will allow the City and the community based non-profit developers to better plan for the supply of new projects and will help guarantee a certain level of annual supply. The social housing program has allocated a high of 377 units and a

low of 215 units to the study area over the past four years (an average of 275 units per year).

iii) Municipal Non-Profit Rehab & Supply Program

New non-profit housing rehabilitation and supply funding may come from the federal and provincial levels, although the current outlook for this kind of new program activity is poor. Following the example of other large cities, the City can raise housing funds from new sources (as outlined below in Section D, Financing Initiatives). These funds will enable the City to have its own rehabilitation and new supply programs for the study area. The funding levels will likely be sufficient to make a modest but important contribution to the study area's housing stock. If combined with other programs, such as zoning-related initiatives, public/private partnerships, and any available senior government funding, the impact of the City's initiatives can be significant.

iv) Inclusionary Housing Program

A formula should be established requiring the provision of a certain minimum number of low rent units in any residential project over a certain size (e.g., 15 or 20 units). A program like this is in place in Seattle's central area. This program need not rely on government subsidies. It is a regulatory requirement, imposed as a condition of the development approvals process. The unts will not be subsidized social housing but would be rental and would have rents geared to a certain income level.

For large scale projects in the downtown area, a package of housing types (tenure, unit size, rent level or cost) should be negotiated as a condition of development. In the future, zoning approvals should be based on *including* a range of socio-economic groups and tenure types (owning, renting, co-operative) in the central area. If left to itself, market pressures produce units for the highest income range for which there is demand at the time of development. The desire for the quickest possible return results in condo-minium development. Inclusionary housing measures are the community's method of obtaining greater balance in central area residential development.

The concept of inclusionary housing and zoning is discussed in Chapter 6 of the *Survey* report, and examples of municipal programs are provided. Vancouver already has some experience with forms of inclusionary housing. The South False Creek Official Development Plan requires social housing on private as well as City-owned land. Negotiations are now under way to include social housing in the major central area residential developments.

D. Financing Initiatives

i) Public/Private Partnerships

Throughout North America business leaders have realized that their support of civic projects and community needs sometimes requires extraordinary action and that it is not sufficient for businesses to display good citizenship by merely paying taxes and occasionally engaging in philanthropic behaviour. The many aspects of the "urban crises" that big cities face have resulted in numerous municipal government/private sector collaborative action for the common good of a particular city. Public/private partnerships result in novel business approaches to civic needs and a fresh view by government of its role. Housing appears on the agenda of some of the local partnerships when the independent efforts of private enterprise and government fail to satisfy community needs for decent and affordable housing.

The Boston Housing Partnership (BHP) is an example of a major public, private, and community partnership. In 1982 the loss of affordable rental housing was identified as a serious problem. The BHP was incorporated in 1983 to develop and implement innovative solutions. BHP was founded on two basic principles. It is an action-oriented agency dedicated to ambitious programs which deliver low and moderate cost housing and its programs are strongly community based.

The 25-member BHP board is composed of three groups in roughly equal numbers: CEOs of leading banks and other businesses; local and state government officials; and directors of neighbourhood based nonprofit community development corporations.

The BHP's first project combined public and private resources technical assistance, corporate and foundation philanthropy, loans from the Massachusetts Housing Finance Agency at tax-exempt rates, grants from city government, private financing from Boston's four largest banks in order to rehabilitate 700 apartments in 60 buildings throughout the city, which were then owned and managed by neighbourhood-based nonprofit development corporations.

It would be worth the effort to attempt to bring together several leaders in Vancouver's corporate sector, government sector, and community based organizations to undertake a special residential project or two in the study area. Chapter 6 of the *Survey* report provides further information.

ii) Downtown Development/Housing Linkage Program

"Linkage" is defined as a land use regulation which requires developers to construct or help finance the provision of housing as a condition for permission to build or obtain a planning bonus.

In an effort to address a range of social needs, in particular low cost housing, about a dozen North American cities have implemented some form of fee program linked to the development of office space. Strong demand for new office space, reduced federal funding for housing programs, and findings of studies focused on the cost of social impacts of major downtown development projects have all helped spur municipal interest in office/housing linkage programs during the 1980s.

In 1980 San Francisco was the first municipality to implement an office/housing linkage fee. Boston and Seattle initiated programs in 1983 and 1985 respectively. Other municipalities have followed their lead, although each program is different. Linkage programs vary greatly, depending on the creativity of program promoters and the economic and political environment of the city. The rationale for linking downtown commercial development to low cost housing is that office development has both direct and indirect effects that exacerbate problems in the provision of affordable housing.

Chapter 6 of the *Survey* report provides a review of downtown office, affordable housing linkage programs. Details of the San Francisco, Boston and Seattle programs are supplied.

If Vancouver had a mandatory linkage program requiring one-time payment of $5 per square foot of new office space, it would collect an average of about $3 million per year to help fund low rent housing rehabilitation and construction initiatives. Throughout the 1980s, an average of about 600,000 square feet of new office space has been built in the city.

This type of linkage fee has not discouraged development in San Francisco, Boston or Seattle. The fee is based on the strong market demand for locating in these cities.

iii) Growth Related Low Rent Housing Fund

New central area office and condominium development brings an increased property tax base and new municipal revenues from the property tax. To help finance municipal programs targeted at the low rent stock, a certain percentage of this new revenue could be placed in a special housing fund. This is a

method for the citizens to indicate to other levels of government their commitment to maintaining low rent stock. This is not an additional tax on new development. Rather, it is a special allocation of a part of the regular taxes collected from new development. Seattle's program is called the "Growth Related Low Income Housing Program." (See Chapter 5 of the *Survey* report.)

The City Finance Department generally recommends against special funds, because it limits Council's ability to shift money into emerging priorities. The proposal here is that low rent housing become a special priority with special funding arrangements so that longer term, rather than year-to-year, financial planning for low rent programs can be undertaken.

The City already has several special funds, including: parking meter revenue which is allocated to traffic improvements; taxicab license funds which are used for special projects, such as paying for the City's contribution to the capitalization of VLC Properties Ltd.; and the Downtown Parking Corporation which allocates funds to the creation of additional parking.

iv) Special Municipal Housing Capital Plan Plebiscite

Another municipal source of funds by which taxpayers show their commitment is a special property tax levy. For example, in 1981 Seattle voters approved a $48 million municipal bond issue to pay for 1,000 units of housing for the elderly and handicapped. In 1986 they again approved a $50 million special levy on municipal property tax bills, spread out over an eight year period, to pay for a special housing supply program for very low income households mainly in the central area.

The 1986 levy is designed to fund unmet housing needs identified by the City, primarily housing for extremely low income households (incomes at or below 30% of Seattle's median income). Levy funds will be used to produce 1,000 permanent, high quality housing which, when possible, supports other community development strategies identified by the City or neighbourhood groups. Levy units will be developed for families, special needs populations and the homeless. All types of non-profit agencies will be involved in the production of the units. The funds are administered by the City's Department of Community Development and the Seattle Housing Authority. (See Chapter 5 of the *Survey* report for further details.)

v) Development Charges and Commercial Concentration Levy

Development charges are closely related to linkage fees and could be used in lieu of linkage fees as a broader form of development levy. For instance the Province of Ontario has recently extended the nature of development levies that municipalities can charge to cover the costs associated with a new project. In the past, development levies were mainly associated with plans of subdivision to pay for infrastructure and community facilities associated with new house construction. The concept can be applied to new central area development to pay for some of the social costs associated with development. In revising its Central Area Plan, the City of Toronto Planning and Development Department is examining the possibility of charging development levies to help pay for municipal expenses relating to assisted housing, transportation, and daycare.

In addition to levies on new development, the Ontario Government has introduced a new form of property tax, called the Commercial Concentration Levy. To help pay for the cost of new transportation infrastructure made necessary by the extensive development boom in and around Toronto, the Ontario Government will begin collecting an annual *Commercial Concentration Levy* of $1.00 per square foot on all commercial property and associated parking with a gross area exceeding 200,000 square feet located within the Greater Toronto Area. The tax will raise about $125 million annually. Unlike a development charge, which is a one time fee collected when a building or house is built, the Commercial Concentration Levy is a tax collected each year.

The principle behind the new tax is that specific groups benefit from the provision of public infrastructure. "These benefits include," the Ontario Finance Minister stated, "capital gains from land and building value increases, greater income from tenants who seek prime locations, and ready access for customers, suppliers and employees who rely on an excellent transportation network." Therefore, the Minister stated, "the Province is adopting a strategy by which those who benefit significantly and directly from the provision of new public infrastructure will be required to make a greater contribution to the cost of that infrastructure." (*Budget Speech*, 1989, p.4)

A Vancouver downtown peninsula concentration levy could be imposed, with the funds paying for low rent housing initiatives and for other community facilities. Such a levy may have the positive impact of encouraging growth to take place elsewhere in the region and of decreasing the need for new transportation systems by making central area commercial space slightly more expensive than it already is. Vancouver has about 20 million sq. ft. of office space in the downtown peninsula. If only buildings above a certain size were taxed, and if this meant 10 million sq. ft. were taxed, $10 million a year could be raised.

E. Organizational Initiatives

i) The New Vancouver Housing and Properties Department

The new Housing and Properties Department should have a senior staff person whose responsibility is the co-ordination of policy and program activity relating to the central area residential hotel and rooming house stock. This person would play a leadership role in helping to "make things happen" and see that municipal resources are used effectively. The new department would also be responsible for keeping a detailed database, carrying out vacancy surveys, and other important monitoring functions. The properties staff would seek out opportunities for purchase of buildings and sites.

The new department should also act as development co-ordinator for special kinds of housing initiatives, especially for the "hard to house" and special needs groups. It should seek out inter-agency co-operation in providing housing and social services.

Should the City be the manager of an increasing number of housing units in the central area? The City of Vancouver Public Housing Corporation currently operates 273 residential hotel units, 399 self-contained social housing units, and a number of long term care beds. The task of management might best be left to the proposed "Central Area Low Rent Housing Corporation." A slightly less hierarchical, more community-based organization might be better able to manage what would be a diverse range of housing situations. Management could also involve job training for local residents.

As part of the first phase in implementing a plan of action for the study area, careful consideration needs to be given to the positive and negative reasons for making the new Housing and Properties Department the lead agency for implementing the plan. Other cities, as outlined below, have created new community based organizations, related to but separate from city hall.

ii) Central Area Low Rent Housing Corporation

There are now many examples of central area non-profit community based housing rehabilitation and management corporations. Establishment of such an organization is one of the more important organizational initiatives that Vancouver should give careful consideration to.

Such an agency can provide a variety of services, including the purchase, rehabilitation, and management of residential hotel stock, and, in co-operation

with social service agencies, it can supply special need facilities within a portion of this stock for the hard to house. It would be established and partially funded by the City. Yet as a separate corporation, it can be entrepreneurial in its quick response to new opportunities, and it would have a mandate to be as innovative as possible. It could be the vehicle which aggressively seeks out public/private partnership initiatives.

There are a number of very successful, well documented examples of central area housing corporations. Chapter 4 of the *Survey* report describes the Single Room Occupancy Housing Corporation in Los Angeles, the Tenderloin Neighbourhood Development Corporation in San Francisco, and the Central City Concern in Portland. The organizational structure, mandate and effectiveness of these central area housing corporations should be reviewed before the City makes a decision about the implementing agency.

The SRO Housing Corporation in Los Angeles, for example, was established in 1984. It has now grown to have a staff of 75 with an operating budget of about $4 million. It has purchased 11 hotels. Is in the process of renovating about 1,000 units, bringing them into compliance with seismic, fire, and health and safety code regulations. The buildings are also being provided with community lounges, kitchens, dining areas, and laundry facilities. The Corporation already manages 796 units in seven operating residential hotels. Through a contract with the Los Angeles County's Department of Public Social Services, over 300 rooms are reserved each day for the homeless. Since this program began in September 1987, over 65,000 shelter nights have been provided for homeless indigents through the County's voucher program. Special needs housing is also being developed at several of the hotels, including housing for elderly men in an alcohol-free environment and housing for the stabilized chronically mentally ill.

Should the City establish a non-profit housing corporation to develop, rehabilitate, and manage housing for single person households in the central area? If so, the board of the corporation should consist primarily of representatives from locally based organizations. Participation by community organizations in the management of the corporation will assist in identifying the real needs of local residents, as well as encouraging co-operation between the corporation and other service providers in the area.

4. Implementation

This report identifies a range of programs which can:

* maintain Vancouver's low rent central area housing stock;
* address potential displacement; and
* find methods for financing these initiatives.

The set of programs proposed in this report are designed to form a comprehensive package. However, the City need not implement all of the recommended options. Undoubtedly other good program options will emerge from the review and implementation process.

Implementation of these programs requires a new attitude and a new approach to the development approval process in Vancouver's central area. In many cases, provincial participation and/or enabling authority is required.

4.1 Implementation Strategy

The implementation of a City initiative on low rent housing in the central area can be divided into three different phases. Each phase includes actions which are achievable within a given period. This report identifies three initial phases for the implementation process.

PHASE 1

The first phase includes those actions that can be undertaken immediately. These steps include:

A. **Establishment of a Working Group** to review in detail the package of programs recommended in this report, as well as any other relevant proposals. This working group would be a technical review group consisting of individuals from the community and government who know the community and housing issues. It should be a relatively small group reporting to Council within a short period of ten to twelve weeks.

B. **Assessment of whether the Housing and Properties Department or a central area housing corporation should be the main agency for the development, rehabilitation and management of low rent housing in the study area.** A housing corporation, separate from City Hall, could focus exclusively on central area low rent stock and to be able to act in an entrepreneurial fashion. Los Angeles, San Francisco, and Portland, in particular, provide examples of successful, municipally established, non-profit corporations with this mandate. The Working Group should meet with the senior staff of these corporations before deciding on the most efficient and effective option for Vancouver.

C. **Develop a proposal for a special municipal housing capital plan plebiscite** to be presented as a referendum at the next municipal election. If approved, this would establish a special property tax levy to raise funds for municipal low rent housing initiatives.

D. **Concurrent with "A", begin a "self-education" process for Council members and senior City staff.** This process would draw on the successful experiences of other municipalities such as Seattle, Toronto and San Francisco. Two or more municipalities would be invited to send representatives to a one or two day workshop on this issue. Seattle provides an especially good example of a city with a wide range of innovative low rent housing initiatives.

E. **Appoint a senior staff person in the new Department of Housing and Properties**, who would have an exclusive mandate to direct and co-ordinate the City's central area low rent housing initiatives.

F. **Revise the City's process for including affordable housing in major new projects.** The affordable housing linkage process should be developed in such a way as to avoid reliance on federal and provincial social housing unit allocations.

G. **Implement a temporary freeze on demolition or conversion of existing low rent buildings in the central area.** The freeze would be a temporary measure, preventing loss of stock while an alternative set of pro-active programs is established.

PHASE 2

Phase 2 will evolve out of the actions taken in Phase 1, focusing on those areas where municipal initiatives require changes in provincial legislation. Phase 2 would include such initiatives as:

* developing a very detailed, medium range plan of action, based on the recommendations of the working group;
* reviewing the use of zoning regulations in the entire central area;
* lobbying the Provincial Government to amend the Vancouver Charter as required for the implementation of the comprehensive action plan; and
* lobbying the Provincial Government for the establishment of a jointly funded municipal/provincial rental stock rehabilitation program.

PHASE 3

Phase 3 would implement the full range of the City's policy and programs, including those programs made possible by a positive Provincial response to the City's requests. It would also develop an evaluation and monitoring process for the cost effectiveness of the overall plan of action.

CONCLUSION

The experience of other large dynamic cities with a central area residential hotel stock reveals that there are many opportunities for municipalities to develop their own effective programs to deal with the maintenance of low rent housing in co-operation with the owners and community-based organizations. Imaginative and innovative use of municipal authority and of new municipal funding sources are required.

The trends, issues and problems outlined in Section 2, subtitled "Facing Realities," are realities which must be faced now while many options are open. Soon, fewer and only more expensive, less desirable options will remain.